



March
2020

Global Policy Statement on Responsible Investment

The information contained herein is the property of PineBridge Investments and may not be copied, used, or disclosed, in whole or in part, stored in a retrieval system, or transmitted in any form or by any means (electronic, mechanical, reprographic, recording, or otherwise) without the prior written permission of PineBridge Investments.

Our ESG Statement of Principle

We recognize that environmental, social, and governance (ESG) issues may create both opportunities and risks for our clients' portfolios. At PineBridge, we address these factors through our investment process to gain a better understanding of their potential impact on current asset values and future performance. We have been doing this throughout our decades of experience managing equity, fixed income, multi-asset, and alternative investment portfolios.

We have adopted the following firmwide ESG Statement of Principle:

PineBridge believes an analytical approach that considers how companies are seeking to improve upon environmental, social, and governance (ESG) issues can be material to investment returns as well as risk mitigation over the medium to long term. In evaluating ESG issues, PineBridge recognizes that business models that improve upon their sustainability often create value, which should be rewarded. Change always matters to investment performance. Improving upon ESG matters more to society than a mere rejection of the status quo. We believe this enhances investment results and hastens change.

PineBridge is a signatory of the Principles for Responsible Investment (PRI), which provide a framework through which to report and assess ESG factors. We see the PRI as an additional tool to help us pursue our objective as an asset manager: improving and preserving the financial interests of our clients across our global investment platform by optimizing economic returns for a given level of risk.

The Principles for Responsible Investment (PRI)

The PRI was developed by the investment community in 2005 under the auspices of the United Nations. In becoming a signatory, PineBridge committed to the following six principles, as defined by the PRI:

- Incorporating ESG issues into investment analysis and decision-making processes
- Being active owners and incorporating ESG issues into ownership policies and practices
- Seeking appropriate disclosure on ESG issues by the entities in which we invest
- Promoting acceptance and implementation of the PRI within the investment industry
- Working together to enhance our effectiveness in implementing the PRI
- Reporting activities and progress toward implementing the PRI

As an active manager, we see the PRI as an additional framework to help generate meaningful results for our clients, and it reflects the firm's long-standing commitment to ESG investing principles.

Corporate Responsibility Steering Committee

In an effort to continue progressing, strengthening, and evolving our approach to corporate responsibility, in August 2019 PineBridge formed the Corporate Responsibility Steering Committee, led by a committee chair and 11 members of the organization, including our CEO. The Steering Committee reports directly into the firm's Governance Committee. Its purpose is to:

- Articulate the firm's guiding principles, policies, and best practices related to corporate responsibility matters
- Ensure that our broad range of corporate and investment activities align with our purpose
- Stay informed on ESG trends, increasing the impact of our efforts and measuring our results
- Maintain transparency in communicating our activities, both internally and externally

The Steering Committee oversees four subcommittees, as follows:

- ESG Investment – establishes the firm's ESG investing policy and best practices, integrates viewpoints from the firm's various investment teams, and drives thought leadership initiatives
- Diversity & Inclusion – works with human resources to define and implement firm policies that create a diverse and inclusive workforce and global culture

- **Company Responsibility** – outlines the firm’s social responsibility initiatives, including community activities, foundation and board memberships, vendor relationships, and environmental footprint
- **Stewardship** – defines and monitors the firm’s proxy voting strategy and process, as well as our engagement efforts, including the implementation of the recommendations set forth by the Task Force on Climate-Related Financial Disclosures (TCFD).

Each subcommittee has cross-functional employee membership focused on driving and executing initiatives within their area of focus, with oversight by the Steering Committee.

Approach and ESG Policy

ESG Investment Committee

The firm’s efforts with respect to responsible investment and ESG issues are managed by its ESG Investment Committee, which reports directly to the Corporate Responsibility Steering Committee of the firm. The ESG Investment Committee has a diverse membership consisting of investment and non-investment professionals from our offices globally.

The ESG Investment Committee is responsible for:

- Overseeing the firm’s ESG investment principles and the ESG integration frameworks regarding matters of investment significance to each asset class, the investment teams, and our clients
- Maintaining the alignment between the PRI principles and their application in the investment decision-making process and operations
- Driving thought leadership and educational initiatives designed to increase the effectiveness of our corporate efforts regarding significant ESG investing matters that affect the firm’s role and reputation, and to increase awareness in the industry.

Investment Process

Delegation of ESG responsibilities to individual investment teams reflects our firm’s belief that the most effective application of the PRI and consideration of individual ESG factors can differ materially across our diverse range of asset classes, geographies, sectors, and specific investments. PineBridge considers its investment teams to be best placed to decide on the most appropriate manner to integrate ESG into their investment process in line with their activities, the investment time horizon, and specific investment opportunities. Nevertheless, while the process of evaluating ESG factors is dynamic in nature, it is conducted according to the firm’s ESG Statement of Principle.

At a corporate level, the firm actively supports these individual team efforts by providing individual or shared resources to support investment processes. It also seeks mechanisms for collaboration on PRI and ESG issues across investment areas where beneficial. Individual investment team members have responsibility for oversight of ESG considerations within their specific investment areas. These individuals have primary responsibility for implementation of ESG evaluations within their direct investment processes.

Guidelines on Environmental, Social, and Governance Factors

It is the firm’s policy to encourage each investment area to develop relevant ESG frameworks and supporting processes in alignment with our PRI signatory status. Nevertheless, our global teams continue to work with our clients and prospects to prioritize specific factors in pre- and post-investment due diligence:

- **Climate change.** Investment teams continue to refine portfolio-level approaches to incorporating the recommendations of the Task Force on Climate-Related Financial Disclosures by 1) researching risk evaluation of environmental impacts through scenario analyses, and 2) employing implied carbon pricing to guide investment due diligence, where applicable. As active asset managers, we believe in the value of industry partnerships and remain committed to advancing industrywide education surrounding climate change and other environmental issues.
- **Modern slavery.** Investment teams actively address human rights and labor standards in their due diligence processes. PineBridge Investments Europe Limited’s official statement in response to the UK Modern Slavery Act of 2015 is as follows:

At PineBridge Investments Europe Limited (“PBIEL”), we have a zero-tolerance approach to modern slavery and are committed to acting ethically to support the protection of human rights and to combat slavery and human trafficking violations related to our own operations, supply chain, and services.

Modern slavery refers to forced or bonded labor, deprivation of personal freedom, and facilitating the movement of people for exploitation. Whilst we believe there is a low risk of modern slavery or human trafficking within our operations or supply chain, ongoing due diligence and rigorous oversight of third-party outsourced functions and internal processes are maintained.

This statement is made in accordance with section 54 of the Modern Slavery Act 2015. The following steps have been implemented by us in order to maintain and improve our practice to support the protection and advancement of human rights.

- Every supplier understands that we have a zero-tolerance policy with regard to slavery, and we emphasize our commitment to the prevention of slavery in our contractual arrangements with third-party suppliers.
 - We require all third-party suppliers to notify us upon discovering any breach or potential breach of the Modern Slavery Act or any actual or suspected slavery or human trafficking in their supply chains.
 - Firmwide mandatory employee training programs on financial crime, whistleblowing, anti-bribery, and money laundering, which includes education on the issues of modern slavery and human trafficking have been implemented.
 - We have also developed an internal policy that is available to all of our employees in the UK and which provides further guidance on how to identify, manage, and report such risks.
 - The prevention, detection, and reporting of modern slavery in any part of PBIEL’s organization, supply chain, or distribution network is the responsibility of all those working for us and on our behalf.
- **Controversial weapons.** As regulations regarding investments in entities involved in the development, production, and use of controversial weapons are in flux, our investment teams remain committed to work with our clients and prospects globally to ensure that such activities are monitored (through third-party services and our own research) and quickly addressed with individual clients. We strongly believe that the default position should be to exclude controversial weapons from active and passive investments. As such, we are committed to support regional industry efforts, including actively advocating for controversial weapons-free indices and index trackers.
 - **Financial sanctions.** As a global company, we comply with OFAC (Office of Foreign Assets Control), EU, UN, and HM Treasury UK Consolidated Financial Sanctions lists and other local regulators’ sanction lists, which currently include North Korea, Libya, Iran, Somalia, the Democratic Republic of Congo, South Sudan, Sudan, Syria, Yemen, and Cuba.

Engagement and Active Ownership

Consistent with the belief that issues associated with ESG factors can have a material impact on the financial performance of companies, the firm’s investment teams seek to engage with investee companies on financially material issues where relevant. The mechanisms for such engagement vary across asset classes. As part of our investment teams’ due diligence processes, we frequently engage with senior-level management of the companies we are analyzing on how ESG issues could affect their businesses and investment performance. We believe that active ownership influences management teams’ attention to these issues and their importance to the investment community.

For listed equity assets, the firm follows proxy voting procedures that are reasonably designed to ensure that we vote proxies in the best interests of our clients. These procedures are overseen by the Stewardship Committee, which includes members of our firm’s legal, compliance, investment management, and middle office teams. Institutional Shareholder Services (ISS) is engaged by PineBridge to consult on and administer the proxy voting process. ISS maintains records of the votes and provides benchmarking of the firm’s proxy guidelines and voting activity relative to other industry participants. This information is provided to the Stewardship Committee, which meets periodically to review shareholder issues and proxy voting activity. An annual review of the proxy voting guidelines is conducted to ensure that we are continuing to serve the best interests of our clients. We describe our proxy voting policy and guidelines to our clients, provide copies upon request, and disclose how they may obtain information on how we voted their proxies. Our proxy voting procedures enable us to address material conflicts of interest.

For private equity assets, the firm’s investment teams actively engage with portfolio company management teams on ESG issues throughout the investment process. In addition, where the investment team obtains board positions through its investment activity, it actively engages with management and other directors to proactively address ESG opportunities and risks.

For fixed income assets, investment teams incorporate the review of ESG factors in their credit analysis. Where deemed material, these are actively evaluated through research and discussions with management. While a fixed income investor's ability to directly influence a company's behavior is more limited than that of equity investors, we believe that active management of these issues is a positive influence on companies seeking capital in fixed income markets.

For multi-asset, the team's investment allocation decisions factor in the economic impact of ESG. While such consideration may not be the sole driver of the team's decision-making, it is one of several factors that form the basis of the team's investment due diligence. The team actively engages with asset owners to further acceptance of Responsible Investment practices.

Communication and Reporting.

As a PRI signatory, the firm is committed to reporting on our ESG activities to the PRI on a comprehensive basis each year. In addition, the firm is committed to communicating its approaches to Responsible Investment through direct discussion with clients, contributing thought leadership, and participating in industry events and peer forums.

Commitment

We are committed to strengthening and refining our ESG approach. This commitment includes enhancing the dialogue with industry peers on these issues, augmenting our ESG-related reporting and research processes, and communicating with all stakeholders on existing activities.

PineBridge Investments Europe Limited (PBIEL), affiliate of PineBridge Investments, fully supports the principles contained in the Financial Reporting Council (FRC) UK Stewardship Code. PBIEL recognizes that the code is a useful component of good corporate governance and that it bolsters the responsibility incumbent upon all investment managers to effectively engage with investee companies in order to serve in the best interest of its clients.

Please use the following link to view our Statement of Compliance with the Stewardship Code:
<https://www.pinebridge.com/insights/stewardship-code>

Global Disclosure Statement

PineBridge Investments is a group of international companies that provides investment advice and markets asset management products and services to clients around the world. PineBridge Investments is a registered trademark proprietary to PineBridge Investments IP Holding Company Limited.

Readership: This document is intended solely for the addressee(s) and may not be redistributed without the prior permission of PineBridge Investments. Its content may be confidential, proprietary, and/or trade secret information. PineBridge Investments and its subsidiaries are not responsible for any unlawful distribution of this document to any third parties, in whole or in part.

Opinions: Any opinions expressed in this document represent the views of the manager, are valid only as of the date indicated, and are subject to change without notice. There can be no guarantee that any of the opinions expressed in this document or any underlying position will be maintained at the time of this presentation or thereafter. We are not soliciting or recommending any action based on this material.

Risk Warning: All investments involve risk, including possible loss of principal. If applicable, the offering document should be read for further details including the risk factors. Our investment management services relate to a variety of investments, each of which can fluctuate in value. The investment risks vary between different types of instruments. For example, for investments involving exposure to a currency other than that in which the portfolio is denominated, changes in the rate of exchange may cause the value of investments, and consequently the value of the portfolio, to go up or down. In the case of a higher volatility portfolio, the loss on realization or cancellation may be very high (including total loss of investment), as the value of such an investment may fall suddenly and substantially. In making an investment decision, prospective investors must rely on their own examination of the merits and risks involved.

Performance Notes: Past performance is not indicative of future results. There can be no assurance that any investment objective will be met. PineBridge Investments often uses benchmarks for the purpose of comparison of results. Benchmarks are used for illustrative purposes only, and any such references should not be understood to mean there would necessarily be a correlation between investment returns of any investment and any benchmark. Any referenced benchmark does not reflect fees and expenses associated with the active management of an investment. PineBridge Investments may, from time to time, show the efficacy of its strategies or communicate general industry views via modeling. Such methods are intended to show only an expected range of possible investment outcomes, and should not be viewed as a guide to future performance. There is no assurance that any returns can be achieved, that the strategy will be successful or profitable for any investor, or that any industry views will come to pass. Actual investors may experience different results.

Information is unaudited unless otherwise indicated, and any information from third-party sources is believed to be reliable, but PineBridge Investments cannot guarantee its accuracy or completeness.

PineBridge Investments Europe Limited is authorised and regulated by the Financial Conduct Authority (FCA). In the UK this communication is a financial promotion solely intended for professional clients as defined in the FCA Handbook and has been approved by PineBridge Investments Europe Limited. Should you like to request a different classification, please contact your PineBridge representative.

Approved by PineBridge Investments Ireland Limited. This entity is authorised and regulated by the Central Bank of Ireland.

In Australia, PineBridge Investments LLC is exempt from the requirement to hold an Australian financial services license under the Corporations Act 2001 (Cth) in respect of the financial services it provides to wholesale clients, and is not licensed to provide financial services to individual investors or retail clients. Nothing herein constitutes an offer or solicitation to anyone in or outside Australia where such offer or solicitation is not authorised or to whom it is unlawful. This information is not directed to any person to whom its publication or availability is restricted.

In Hong Kong, the issuer of this document is PineBridge Investments Asia Limited, a company incorporated in Bermuda with limited liability, licensed and regulated by the Securities and Futures Commission (SFC). This document has not been reviewed by the SFC.

In Dubai, PineBridge Investments Europe Limited is regulated by the Dubai Financial Services Authority as a Representative Office.

In Germany, PineBridge Investments Deutschland GmbH is authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

In Switzerland, PineBridge Investments Switzerland GmbH is authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA).

PineBridge Investments Singapore Limited is licensed and regulated by the Monetary Authority of Singapore (MAS). In Singapore, this material may not be suitable to a retail investor and is not reviewed or endorsed by the MAS.

Last updated 22 July 2019.